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payroll taxes presently collected for OASI, which are scheduled to reach 9½ percent in 1969. Whether such an additional tax would finance the plan is problematical.

But several points are clear. One is that nearly 14 million beneficiaries and probably an additional 2 million surviving dependents would immediately become eligible for hospital and nursing home care under the bill. Another is that all the participants in the old-age insurance program, constituting approximately 9 out of every 10 Americans, would be taxed whether they wished it or not for what some describe as an entering wedge of compulsory socialized medicine.

And after all this, there would remain almost 2 million men and women who do not have the benefit of coverage under OASI but who are on old-age assistance or general relief in the various States. These people probably have the greatest need of aid in meeting their health bills but they would not be helped by the Forand bill. Others who are working beyond the age of 65 because they have to or choose to would presumably have to retire to qualify.

Meanwhile, in order to help those whose old-age benefits are not enough to cover doctor bills, the OASI aid would also be given out of the payroll tax to some beneficiaries who have independent resources or private pensions. This expensive blanket method is not the only way of achieving the purpose.

The administration, through Arthur S. Flemming, Secretary of Health, Education, and Welfare, is exploring possibilities of aiding the expansion of voluntary medical and hospital insurance in some way which would give the greatest assistance to those least able to pay and would avoid underwriting the bills of those with ample means. Eight Republican Senators have filed a bill to assist according to need in paying the premiums on voluntary insurance for the elderly.

One point should be kept clear in the controversy over medical care for the aged. The fact that certain groups oppose the shotgun methods of the Forand bill does not necessarily signify that they are against doing anything whatever for the ill and needy. It may signify that they believe there are more effective ways of channeling the aid where the need is greatest.

April Is USO Month

EXTENSION OF REMARKS OF

HON. JOHN V. LINDSAY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 18, 1960

Mr. LINDSAY. Mr. Speaker, this month has been designated as "USO Month." Most people have associated USO with parties and shows for our men in uniform. But to us who have had the privilege of serving in our armed forces it means more than that. It means a deep and abiding concern by our people on the homefront for those whom they have sent to the four corners of the world in our defense.

This organization, made up of voluntary groups, has immeasurably assisted in the religious, spiritual, social, recreational, and educational needs of our men and women in the armed forces. It has provided much needed services; community and travel information, counseling on personal and family problems, housing bureaus, discussion groups, craft

classes, games, snack bars—to mention only a few.

Truly, it has provided our men and women in uniform "a home away from home."

Its services have tremendously boosted the morale of our men and women in uniform which, in turn, has placed them in combat readiness which is essential in moments of tension.

USO activities are not confined alone to our armed forces personnel here at home; it extends to such places overseas as Anchorage, Fairbanks, Kodiak, Balboa, Cristobal, Nice, Paris, Casablanca, Athens, Salonika, Rhodes, Istanbul, Naples, Rome, Seoul, Guam, Manila, Tokyo, and Honolulu.

Needless to say, the USO has, since its inception in 1941, done and is continuing to do immeasurable service to the Nation, particularly to armed forces personnel.

It is fitting, therefore, that on this occasion of USO Month all Americans give their unstinting support to a worthy cause being performed by these unsung heroes.

I earnestly hope for the USO more power and continued success.

Secretary Mitchell's Program To Upgrade American Farmworkers

EXTENSION OF REMARKS OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, April 11, 1960

Mr. PELLY. Mr. Speaker, the following editorial from yesterday's New York Times has reference to Secretary of Labor James Mitchell's proposal for the protection of farmworkers of America. I commend its reading to my colleagues:

PROTECTION FOR FARM LABOR

Secretary of Labor Mitchell deserves support in his efforts to improve the conditions of American farmworkers, especially of those migrants whose lot he has called "ultimately intolerable in a society wealthy enough to correct it." Two moves in this campaign, of which he spoke in an address last week, are evidence of progress being made—and promised.

In February 1959, Mr. Mitchell cited a minimum wage for farmworkers as an essential first step toward lasting economic improvement and said that the Labor Department would make a special study of the "desirability and feasibility" of taking that step. He now says that the findings, which will be released before the end of this month, will be strongly favorable and firmly buttressed by facts.

He also reported on his efforts to limit the mass importation of Mexican workers under Public Law 78—some 450,000 of them each year—which has a depressing effect on the wages and working conditions of American farm labor. This was the conclusion of a group of distinguished and impartial consultants whom he had appointed to study the situation. They have also made recommendations for the improvement of the Mexican farm labor program. These will be the basis for proposals by the Labor Department before the present law runs out in June 1961.

Meanwhile, Mr. Mitchell is waging a strong fight to block amendments to the law, backed by influential growers, which would weaken what protection is now given to American workers and would bog down the law's administration by a sharing of powers with the Department of Agriculture. Such amendments should not pass. Nor should any bill extending the law be approved that does not strengthen its safeguards of the wages and working conditions of our own farm labor. We await with interest and concern Mr. Mitchell's proposals as to how that should be done.

Foreign Service Institute Training

EXTENSION OF REMARKS OF

HON. FRANCES P. BOLTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1960

Mrs. BOLTON. Mr. Speaker, in order to clarify some of the confusion over the Foreign Service Institute training, I am inserting with my remarks three items:

First. The analysis of the vacancies in classrooms on the days the Appropriations Committee investigators made their reports.

Second. A comparative survey of cost estimates for language training at the Foreign Service Institute in Washington with those of other educational institutions.

Third. The "Report on Language Training in the Foreign Service Institute" prepared by J. Milton Cowan, director, division of modern languages, Cornell University; Henry Grattan Doyle, former dean of Columbian College, George Washington University, and secretary treasurer of the National Federation of Modern Language Teachers' Associations; Stephen A. Freeman, vice president and director of the language schools, Middlebury College; and W. Freeman Twaddell, professor of linguistics, Brown University, and past president, Linguistic Society of America. May I call special attention to their conclusions that—

We are in unanimous agreement that the Department's language training needs cannot be met more economically or effectively by nongovernmental facilities.

An analysis of the days on which the Appropriations Committee investigators made their count of classrooms in use at the Foreign Service Institute shows the following:

First. Many vacancies were due to the fact that Air Force sections had been released for flight duty.

Second. A number of the hard language—Arabic, Russian, and so forth—students were in area studies during the time of the investigation.

Third. A number of classrooms had been contracted for by the ICA for a large language training program, which was later withdrawn.

It is my understanding that the investigators made four separate checks on 4 different days. Explanations were provided them as to why the classrooms

were vacant, but this information was not used.

There follows the language training cost estimates:

A survey has been conducted in the interest of comparing the cost estimates for language training at the Foreign Service Institute in Washington with those of other educational institutions. Letters were sent out to 12 reputable institutions requesting estimated costs of training based on prescribed specifications in accordance with quality control procedures established by the Institute in connection with contract services rendered to it. The replies varied considerably in the amount of information received. Some institutions submitted quotations based on FSI's specifications; some quoted but with admitted omissions. Three universities declined to

bid and therefore are not listed on the table.

The comparison of costs is based strictly on a calculation of the cost per section hour for up to six students and does not necessarily mean that the instruction, services and facilities are in each case comparable. While quotations were submitted in various ways, the costs have been calculated to a standard unit; namely, the cost per section hour of training.

The costs quoted by the universities and commercial schools were not supported by detail showing the elements of expense which they included. The institute's costs include, first, tutor and linguist salaries; second, salaries of language laboratory staff; third, costs involved in the development and preparation of language training materials;

fourth, other staff salaries; fifth, training supplies and equipment; sixth, administrative supplies, equipment, and reproduction costs; and, seventh, rent. The Institute's costs do not include a portion of certain standard centralized administrative support costs such as those of the Office of Personnel, Office of Finance, Office of Budget, and some general service operating expense. The results of this survey indicate that none of the universities or commercial schools has quoted a cost for comparable training below the cost of training by the Foreign Service Institute.

I include also the following cost estimate per section hour of language training at the Foreign Service Institute in fiscal year 1959 compared with estimates submitted by commercial schools and universities:

	Foreign Service Institute	Commer- cial school A	Commer- cial school B	Commer- cial school C	University A	University B	University C	University D	University E	University F
I. Common languages (world):										
French, German, Italian, Portuguese, Spanish	\$6.77	\$9	\$7	\$7.55	\$17.78	\$11.16	\$9.17	\$9.05		
II. Less common languages (hard):										
Bulgarian	6.43	10	8				9.17	9.05		\$7.65
Burmese	7.53	12					9.17	9.05		
Cambodian	7.66	12					9.17	9.05		
Chinese	7.67	10	8			11.16	9.17	9.05	\$10.20	
Czech	6.59	10	8		17.78	11.16	9.17	9.05		7.65
Finnish	7.20	11	8				9.17	9.05		
Greek	7.27	10	8				9.17	9.05		
Hausa	5.84	12						9.05		
Hebrew	6.14	12				11.16	9.17	9.05		
Hindi/Urdu	6.78	11	8			11.16	9.17	9.05		
Hungarian	7.54	10	8			11.16	9.17	9.05		
Indonesian	6.35	11	8				9.17	9.05		
Japanese	7.04	10	8			11.16	9.17	9.05	10.20	
Kurdish	6.22						9.17	9.05		
Persian	7.47		8				9.17	9.05		
Polish	6.40	10			17.78	11.16	9.17	9.05		7.65
Russian	6.99	9	7	8.55	17.78	11.16	9.17	9.05		10.18
Serbo-Croatian	7.10	10	8			11.16	9.17	9.05		7.65
Tibet	6.48	11					9.17	9.05		
Tagalog	6.97	11	8				9.17	9.05		
Turkish	6.19	10	8			11.16	9.17	9.05		
Vietnamese	7.62	12	8				9.17	9.05		
Visayan	5.93							9.05		

A REPORT ON LANGUAGE TRAINING IN THE FOREIGN SERVICE INSTITUTE, DEPARTMENT OF STATE

A panel composed of Stephen A. Freeman, vice president and director of the language schools, Middlebury College; Henry Grattan Doyle, former dean of Columbian College, George Washington University, and secretary-treasurer of the National Federation of Modern Language Teachers' Associations; W. Freeman Twaddell, professor of linguistics, Brown University, past president, Linguistic Society of America; and J. Milton Cowan, director, division of modern languages, Cornell University, in response to a request by Assistant Secretary of State, Lane Dwinell, made a survey of the language training conducted at the Foreign Service Institute (Arlington Towers, Virginia). Messrs. Twaddell and Cowan were able also to visit and observe the FSI Arabic training in Beirut, Lebanon, while they were in the Middle East on other business. The panel was specifically requested to bear in mind a statement of the House Appropriations Committee in action on the Department's fiscal year 1960 appropriation, to wit:

"Instances were also uncovered where the cost of teaching certain languages appeared excessive. The Department is again directed to ascertain if these languages cannot be more ably and more economically taught in existing reputable educational institutions."

Members of the panel conferred with officers of the Department and the administration of the FSI. They were provided with full information concerning policy and practice. All facts and information requested

were provided by the staff of the FSI and in every respect the panel had full cooperation. Panel members visited classes in practically all of the languages offered at FSI, discussed teaching problems with the staff linguists and tutors, and talked with the student trainees. They also examined the teaching and testing materials prepared at FSI, observed examination techniques and audiovisual facilities. These activities, together with the considerable information available to the panel prior to the visits and the ready cooperation of everyone at the school, enabled the panel members to obtain a comprehensive view of the problems involved. Members of the panel shared their experience through continuous reporting and discussion and arrived at a high degree of unanimity in their judgments.

GENERAL COMMENTS

The task of the FSI is to provide high-quality training in a wide variety of languages for a wide range of trainees. There are inherent difficulties in operating such a program. There is the difficulty of recruiting and holding a competent staff against the attractiveness of university jobs. Many first-class people have left FSI in recent years for university posts. There is the necessity for preparation and constant revision of teaching materials needed for very special requirements. There is the problem of distributing staff time efficiently under conditions where the student input is irregular and frequently unpredictable. Irregularity of student input, both as to numbers and starting dates, is at present outside the control of the FSI. Certainly the FSI has a

greater collective experience in dealing with this difficult situation than any other institution in this country.

Despite the complexities of the FSI operations, the panel notes from a comparative study that the instructional costs per section hour at FSI are below those quoted for courses of a comparable number of contact hours of instruction by commercial language schools and universities in the Washington area as well as by other universities throughout the country. It is well known that few universities are interested in handling contract work in intensive language instruction unless they can be guaranteed a relatively large number of students coming at regular intervals preferably coinciding with the regular semester opening dates. It should also be emphasized that universities are highly specialized in their language offerings with very few able to handle more than the common languages. Universities have found the costs of maintaining a standby staff of native tutors and professional linguists for the training of a small number of students in out-of-the-way languages to be prohibitive. Commercial language schools may give the appearance of offering a wide range of languages, but this is done without the distinguishing characteristics of modern high-quality intensive language teaching, namely, control of the operation by a professionally trained linguist and utilization of linguistically sound materials.

We are in unanimous agreement that the Department's language training needs cannot be met more economically or effectively by nongovernmental facilities. We see no

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evidence that the teaching of certain languages can be accomplished more economically outside the FSI without a loss of quality in the instruction. Any attempt to fragment the program by farming out some languages can only aggravate the overall problem. Our recommendation is that every effort be made to improve and strengthen the program of the FSI.

The remainder of this report is devoted to factors which influence the definition of such terms as efficiency, economy, effectiveness, etc., in language teaching, as well as to concrete suggestions for improvement of the teaching program at the FSI.

POLICY QUESTIONS

The FSI is a service agency for the Department and incidentally for other agencies. It must stand prepared on short notice to begin instruction in any of a large number of languages for varying numbers of trainees, the latter often of widely varying language-learning ability. This means that it must at least have standby staff for these languages and, during periods when no instruction is offered, these people can be engaged in research and implementation which will make instruction, when offered, more effective. Thus, the FSI must have an extremely flexible program.

The ideal language-teaching-learning situation is one where approximately six students of roughly equal ability begin an intensive class at the same time. Economically such a class is a basic unit. It requires one full-time tutor who is a native speaker of the language and the part-time supervision of a professional linguist. If there are four such units under supervision of the linguist, the picture is fully rounded out. The out-of-class activities of the tutors and the linguist are devoted to the preparation of class materials and other operations, such as testing, supervised study, etc. Such a program allows for sectioning of students according to ability as the course progresses. Any deviation from such a program shows a loss both in economy and effectiveness.

We recognize the difficulties in arranging assignments of Foreign Service personnel, but we strongly urge that the Department do all it can to stabilize starting dates for language courses and insure that reasonable class sizes are maintained. To the extent that this is not done, the Department must be aware that reduced effectiveness of instruction and an increase in costs and possible inefficiency are an inevitable result.

Another question which we wish to raise is the extent to which other agencies use FSI facilities. There is an advantage to this so long as it makes use of standby staff. However, it is conceivable that such operations might actually work to the detriment of the Department's best interests, especially at times when there is a shortage of professional linguists. The whole matter should be reviewed from time to time.

We have no criticism of the Department's policy of training in the "world languages," French, German, Spanish, regardless of whether or not the person trained is to be assigned immediately to an area where the language is essential. However, the Department must at all times work for an assignment policy geared to the training activities. Language training is expensive, chiefly because the salaries of the trainees amount to approximately twice the actual cost of instruction. Any training in a language prior to assignment to an area where it is needed is a real investment.

Criticism which arises when a trainee, upon completion of a language course, is assigned to an area where he has no use for the newly acquired language skill pertains to the Department's assignment policy mentioned above and not to the operations of FSI.

ACADEMIC NATURE OF THE TEACHING OPERATIONS

The FSI is an educational operation and must continue to be understood and defined as such. The language-teaching profession in this country has been pleased to note that the Department has so handled its language-training facility. The employment of professional linguists, their participation in professional meetings, conferences, and other activities, the production of scientifically sound teaching materials and, more recently, the possibility of having these materials made generally available through the center for applied linguistics, are all welcome developments. Without these the FSI would quickly atrophy into a sterile teaching operation in the hands of untrained native speakers.

In order to maintain its leadership in the field, the Department will have to continue in competitive recruitment with colleges and universities for linguists and tutors. It must be able to attract and hold these in terms of salaries, workload, job security, job satisfaction, and advancement. We are prepared to support requests for additional budgetary provisions especially for linguist-supervisors. The most noticeable shortcoming we observed in the teaching at FSI was inadequate supervision of the native tutors.

It is important to recognize the fact that an academic operation is not a clock-punching operation. Full-time workers in educational institutions devote their time to a number of different activities. No teacher in an intensive language program can put in 8 hours effectively in the classroom. We incline to view the figure of approximately 6 hours a day, which is current FSI practice, as too high. When one considers the number of tasks which have to be performed before effective classwork can be conducted, it is clear that both linguist and native-speaking instructors must devote a large portion of their time to activities outside the classroom. Job descriptions for linguists and teachers must be broad enough to include the creation of all kinds of teaching materials, supervision of study periods, attendance in the language laboratory, testing, training of new teachers, grading, office reports, and so forth.

The materials problem is perennial. For the kind of work being done at FSI there are no entirely adequate materials even for the languages commonly taught in our schools. The foreign language texts which commercial publishers find it profitable to produce could cover at most the first 2 months of an intensive course. Since FSI must provide continuation training, it is often better to build from the very start in order to have a coherent total program. For the hard languages the work has to start from scratch because of the dearth of usable materials. The preparation of systematic day-by-day practice materials is a formidable task, but without these materials classwork does not attain full effectiveness. The FSI program also needs extensive, carefully planned tapes, audiovisual materials, and a wide variety of readings.

It might be expected that there would ultimately come an end to material preparation. Experience has shown, however, that no materials are ever perfected once and for all. Improvements in the scientific analysis of languages, in teaching techniques and changes in the needs of trainees constantly require larger or smaller changes.

The academic atmosphere may at times appear to certain observers to be somewhat lag, but it is in reality very productive because it induces people to focus on getting a job done for the sake of the job. This is the goal sought after in highly organized industry where all too often people conform to the prescription of getting a job done for the sake of conforming to the prescription.

SUGGESTIONS FOR IMPROVEMENT

We have talked over in some detail with the staff of the FSI proposals which might lead to improvement of their program. The suggestions which follow are based on a more liberal interpretation of utilization of the time of the native speaking tutors than is currently being made. There seems to be developing in auditing and accounting an interpretation that the tutors are only earning their salaries when they are actually teaching in class. We have already indicated that we consider this to be a wrong interpretation and one which could lead to neglect of those all-important preparatory functions which provide maximum utilization of class time.

We feel that there should be more outside preparation on the part of the trainees for the time spent in class. We would like to see experimentation with the reduction of the number of classroom hours. This would afford more time for supervised study and work with recorded materials in the language laboratory. Such an arrangement would make possible more training for reading proficiency in those languages which have an alphabetical writing system. Coverage of larger quantities of informative reading would contribute appreciably to the improvement of students' ability to perform in class.

We recommend cutting the six class-hour day to four hours for classes which have only one or two students with a corresponding increase in the amount of outside individual study. Tutors could be made available for this purpose. Experience with these small classes may point the way for revisions in the plan for larger classes.

We felt, on the basis of our observations, that better utilization could be made of the time of the linguists. Their greatest contribution is in supervision of classes and it seemed to us that they were too much involved in administration.

In conclusion, we believe that the Department should consider making a usable command of a "world" language a requirement for entrance into the American Foreign Service.

Community Facilities Act of 1960

EXTENSION OF REMARKS

OF

HON. JOHN A. BLATNIK

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1960

Mr. BLATNIK. Mr. Speaker, almost 3 years ago the President's Special Assistant for Public Works Planning advised him:

In almost every category of public works, severe shortages have arisen. Our highways, water and antipollution facilities, hospitals, transit systems, school buildings and others have fallen, on the average, below minimum acceptable requirements.

The report to the President cited two specific examples—highways and water supply—to dramatize the extent and urgency of the Nation's public facilities needs.

With regard to highways the President was told:

The Nation has fallen so far behind in highway construction that 80 percent of the highway needs for the next 10 years are really backlog.

The President's reaction was to recommend a substantial cutback in high-

way construction. Congress did not agree and has enacted legislation designed to assure an adequate program of highway development.

With regard to water, the President was told:

To meet our needs for water, conservation is the order of the day. We cannot manufacture this necessity of life. We must store and use it more efficiently, learn to convert saline waters, and find ways to improve the distribution of it. Most important of all, our rivers will have to be cleaned, and adequate treatment facilities installed to prevent upstream pollution. To accomplish this job, we need almost 8,000 municipal treatment plants alone, and, in all, some 17,000 facilities, public and private, to insure that all of the potential sources of pollution are adequately controlled.

The President's reaction was swift. Within 6 months he recommended that Federal aid to communities for the construction of needed waste-treatment facilities be cut back by 60 percent and terminated altogether by 1960. Congress again disagreed and enacted legislation expanding Federal aid in this vital field, only to have their efforts thwarted by a Presidential veto.

As a member of the House Committee on Public Works I am especially interested in these two areas of public works—highways and water pollution control. But the public works problem does not end there. As the President's public works planning assistant further advised him 3 years ago:

These examples are unfortunately typical ones. In almost every field in public works—hospitals, schools, civic centers, recreational facilities—shortages are the rule, not the exception. In almost every category we are falling farther and farther behind in meeting even current demands. Backlogs, inadequate replacement schedules, urgent new requirements are characteristic of public works problems across the Nation.

In short, Mr. Speaker, the lack of adequate community facilities has become the most critical domestic problem we face today. According to Walter Lippmann in a recent article:

This is the central issue of our time, and no one who is interested in public life can ignore it.

To meet this issue, and it seems all others, the President and his advisers recommend that we reduce the share of the national income which is spent by the Federal Government. In their view, it seems, the purpose of our economy is to make bigger and better automobiles with higher and wider tail fins and other shining consumer baubles and gadgets. This philosophy was expressed recently by the Chairman of the President's Council of Economic Advisers when he said:

As I understand an economy, its ultimate purpose is to produce more consumer goods. This is the object of everything we are working at: to produce things for consumers.

Maximum consumer consumption is a worthy object, Mr. Speaker, but is it truly our ultimate purpose? Does our national strength increase in a direct ratio to the number of television sets or souped-up automobiles that are purchased each year? Have we become so affluent, smug, and self-satisfied that we

think we can lead the world to peace, with justice and freedom for all, on our Detroit-made chariot viewing the latest adult western?

The sacrifice of public needs to private consumption has left its scar across the length and breadth of this Nation. The President's own expert on public works confirms this. In certain specific areas such as highways, water pollution control, education, airports, and housing the Congress has attempted to enact adequate programs designed to cope with the problem, and fill the needs in these areas. Without exception the administration has thwarted these efforts with vetoes, threats of vetoes, and reduced budget requests.

In the general field of community facilities, also, legislation has been delayed by administration opposition. Nonetheless, Mr. Speaker, I feel it is our duty to the American people to consider and enact a bill designed to encourage and stimulate local community facilities construction. Our local communities are unprepared for the new demands being placed upon them for additional public services. They are simply unable financially to support them. It is essential, therefore, that we institute a program on a national scale which will provide these communities with loans at reasonable rates of interest with which to finance these projects.

Apart from the social and community aspects of such a program, Mr. Speaker, its enactment would greatly bolster and strengthen our economy. As was pointed out recently by the Committee on Banking and Currency under the chairmanship of the able and distinguished gentleman from Kentucky [Mr. SPENCE]:

By providing long-term financing on extremely favorable terms, local governments will be encouraged to undertake community facilities and public works which will have a strong generating effect on the economy.

According to reports just received, Mr. Speaker, the economy needs such a boost. Unemployment for March shows 4.2 million unemployed. Instead of a seasonal increase in employment usually realized the past month showed instead an actual increase in unemployment. Other economic indicators show a dangerous softening in our economy that we must begin to cope with now before it is too late.

I have today introduced a bill to accomplish this purpose, Mr. Speaker. It would authorize Federal loans to municipalities for public works construction with major emphasis on hospitals, nursing homes, water and sewer works, and other community facilities. Under leave to extend my remarks, I include the following section-by-section summary of the bill:

COMMUNITY FACILITIES ACT OF 1960—SECTION-BY-SECTION SUMMARY SHORT TITLE

The first section of the bill provides that the act may be cited by its short title (the Community Facilities Act of 1960).

COMMUNITY FACILITY LOANS

Section 2 extensively amends title II of the Housing Amendments of 1955 so as to expand the public facility loan program presently provided by that title.

Section 201 of the new title II sets forth the congressional policies which form the basis for the expanded program embodied in the bill. After expressing the long-established policy of the Congress to assist and encourage the development of well-planned and healthy communities (an objective which in many instances would be thwarted by the community's lack of financial resources without such assistance), and finding that the immediate construction of essential community facilities (including nonprofit hospitals and nonprofit nursing homes) would enhance the public health and welfare and contribute substantially to achieving the steady economic growth essential to a full-employment economy, it is declared to be the policy of the Congress and the purpose of the new title II to extend credit to aid municipalities and other political subdivisions of States in providing essential community facilities (and to aid in the modernization and construction of nonprofit hospitals and nursing homes) where such credit is not otherwise available on equally favorable terms.

Section 202(a) authorizes the Community Facilities Commissioner to make loans to municipalities and other political subdivisions of States (including purchases of their securities and obligations) to finance the construction, repair, and improvement of specific community facilities, and to make loans to nonprofit hospitals and nonprofit nursing homes (including purchases of their securities and obligations) to finance specific projects for hospital or nursing home construction, repair, or improvement.

Section 202(b) sets forth certain restrictions and limitations upon the Commissioner's authority to make these loans:

1. No loan may be made unless the assistance applied for it not otherwise available on equally favorable terms and conditions (and no securities or obligations may be purchased unless they cannot be disposed of at public sale on equally favorable terms and conditions). All loans must be of such sound value or so secured as reasonably to assure repayment; and participations are permitted.
2. The maximum maturity of any such loan is 40 years.

3. Any such loan will bear interest at not more than the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt, as computed on the preceding May 31 or November 30; except that loans made for projects in communities of 5,000 or less will bear interest at the rate applicable to REA loans.
4. The total amount of funds available for such loans at any time will be allotted to States (i.e., to communities within such States) in proportion to their population. Amounts allotted to any State but not used can be reallocated by the Commissioner after a reasonable period (not less than 2 years).

5. Of the total amount of funds available for such loans at any time, at least 25 percent will be reserved for water and sewer works and at least 25 percent for hospitals and nursing homes. These reservations are computed without regard to State allotments under paragraph 4.
6. Of the total amount of funds available for such loans at any time, at least 33 1/3 percent will be reserved for communities of less than 50,000. This reservation is computed without regard to State allotments under paragraph 4 or the special reservations under paragraph 5.

7. The amount of any such loan may not exceed the development cost of the project or (except in the case of a hospital) \$5 million.
8. A loan for a hospital or nursing home may be made only after the Surgeon General has certified that it complies with certain provisions of the Hill-Burton Act. Loans for hospitals or nursing homes in